

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 SS-15 NSC-05 SP-02 L-02 H-02

CIAE-00 INR-07 NSAE-00 RSC-01 OPIC-06 AID-05 TRSE-00

/063 W

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R 172107Z JAN 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 9092

UNCLAS SAN JOSE 0224

FOR AA/SER/H AND LA/CEN

E.O. 11652: N/A

TAGS: EINV EAID CS

SUBJECT: INVESTMENT GUARANTY - MORTON B. TURBOW PROJECT

REF: STATE 6501

1. EMBASSY'S RESERVATIONS CONCERNING THE SUBJECT PROJECT WERE SET FORTH IN SAN JOSE 0192. THIS MESSAGE DISCUSSES THE MORE GENERAL ISSUE OF WHETHER THE ACTIVITY CONTEMPLATED IN THE TURBOW PROJECT MIGHT NOT BE A NEW OPIC PROGRAM, NOT CONSISTENT WITH EXISTING AUTHORITY, AND WHETHER IT MIGHT NOT BE IN CONFLICT WITH THE HOUSING GUARANTY PROGRAM OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT.

2. BRIEFLY, THE TURBOW PROJECT INVOLVES OPIC GRANTING A HOUSING MORTGAGE GUARANTY, THROUGH A PROMOTER (TURBOW), TO U.S. SAVINGS AND LOAN INSTITUTIONS. THE HOUSES TO BE GUARANTEED WOULD SELL IN THE \$30,000 RANGE WHICH WOULD PUT THEM PRINCIPALLY WITHIN THE REACH OF UPPER MIDDLE AND UPPER INCOME SECTORS OF THE COSTA RICAN POPULATION.

3. IT IS THE EMBASSY'S UNDERSTANDING THAT OPIC WAS CREATED BY A SPLITTING OFF FROM AID OF CERTAIN ACTIVITIES CONCERNED WITH PROVIDING GUARANTIES OF U.S. INVESTMENTS ABROAD, AND UNCLASSIFIED

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THAT HOUSING GUARANTY PROGRAM WAS SPECIFICALLY LEFT

WITHIN AID AS AN ACTIVITY OF THAT ORGANIZATION. THE EMBASSY WOULD QUESTION, THEREFORE, WHETHER THERE IS ANY CONGRESSIONAL AUTHORIZATION OR LEGAL AUTHORITY FOR OPIC TO START A PARALLEL PROGRAM OF HOUSING GUARANTIES.

4. IT IS THE EMBASSY'S UNDERSTANDING THAT THE AID HOUSING GURANTY PROGRAM HAS PROGRESSIVELY RESTRICTED AVAILABILITY OF GUARANTIES FOR MIDDLE INCOME HOUSING WITH THE OBJECTIVE OF ORIENTING THE PROGRAM MORE AND MORE TOWARD FACILITATING LOW INCOME HOUSING. IT DOES NOT SEEM APPROPRIATE THAT WHILE THE U.S. AGENCY CHARGED WITH RESPONSIBILITY FOR ADMINISTRATING HOUSING LOAN GUARANTIES IS TRYING TO ELIMINATE OR REDUCE THE FLOW OF FUNDS FROM U.S. SAVINGS AND LOAN INSTITUTIONS NUTO MIDDLE OR UPPER INCOME HOUSING ABROAD, ANOTHER U.S. AGENCY SHOULD STRIVE TO CREATE A CHANNEL FOR THE MOVEMENT OF U.S. SAVINGS AND LOAN FUNDS INTO UPPER INCOME HOUSING ABROAD. IT WOULD APPEAR TO THE EMBASSY THAT THE APPROPRIATE CHANNEL FOR THE MOVEMENT ABROAD OF FUNDS FROM U.S. SAVINGS AND LOAN INSTITUTIONS, UNDER GOVERNMENT GUARANTIES, IS THROUGH THE HOUSING INVESTMENT GUARANTY PROGRAM OF AID.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: HOUSING, PROGRAMS (PROJECTS), INVESTMENT GUARANTEES, REAL PROPERTY ACQUISITION
Control Number: n/a
Copy: SINGLE
Draft Date: 17 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SANJO00224
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750019-0950
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750142/aaaabkod.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 6501
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 02 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 MAY 2003 by SilvaL0>; APPROVED <25 Nov 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INVESTMENT GUARANTY - MORTON B. TURBOW PROJECT
TAGS: EINV, EAID, CS, OPIC, (TURBOW, MORTON B)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006